

Financial Sustainability

Gahanna's Mission is...

...to ensure an ***exceptional*** quality of life by providing comprehensive services, financial stability, and well-planned development which preserves the natural environment, in order that the city government will continue to be responsive, accessible and accountable to our diverse and growing community of citizens.



PLAN AND PROCESSES

CFAC Recommendation #3

“Create a Capital Improvement Program (CIP) and Dedicate Funds Annually”

CFAC Recommendation #4

“Protect and Strengthen Economic Development Initiatives”

CFAC Recommendation #5

**“Review and Prioritize City Services
and Service Levels”**

CFAC Recommendation #6

**“Establish a Comprehensive
Performance Measurement System”**

Gahanna's Vision is...

...to be an innovative model community that values its rich heritage, pursues high standards, and promotes respect among its citizens.

Gahanna's Mission is...

- ...to ensure an *exceptional* quality of life by providing comprehensive services, financial stability, and well-planned development which preserves the natural environment, in order that the city government will continue to be responsive, accessible and accountable to our diverse and growing community of citizens.

Critical Success Factors



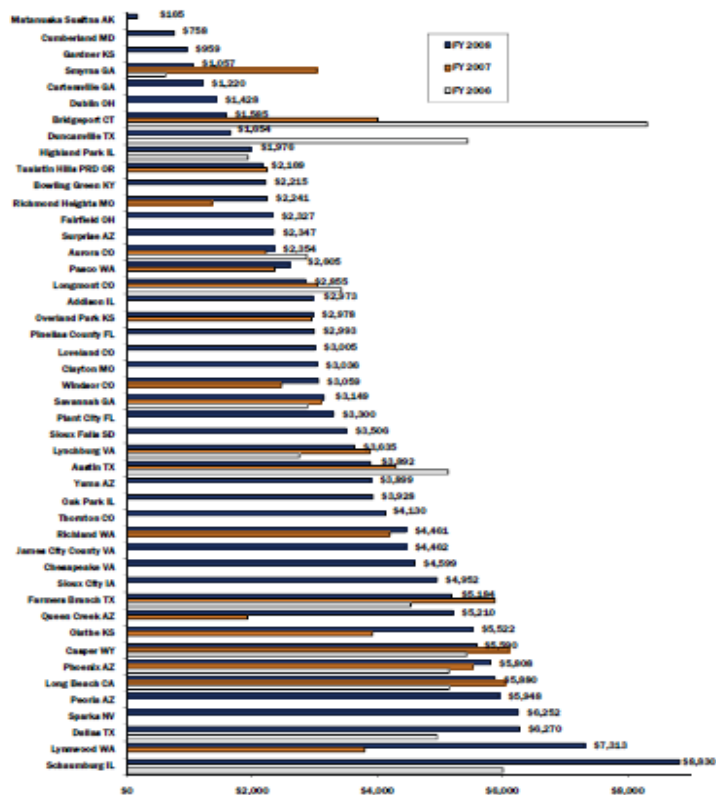
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Performance Measurement

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FY 2008 Fleet Management / 149

Figure 6-5. Input Measure: Average Fleet Maintenance Expenditures per Vehicle: All vehicles and heavy equipment, FY 2006–FY 2008 (page 2 of 2)



Reinvented Budget Process

Budget Document

5 Year Capital Improvement Plan

5 Year Forecast



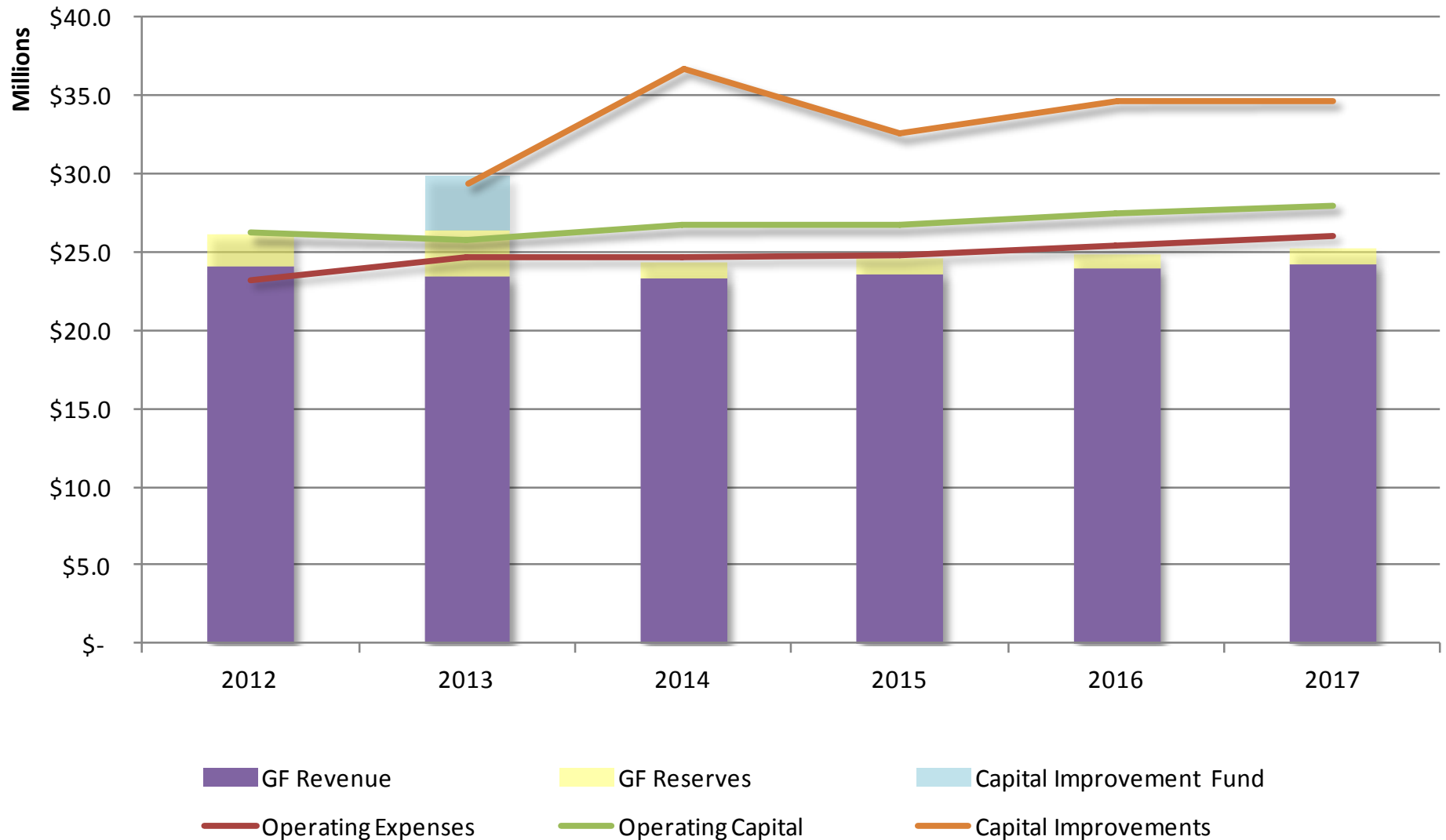
FIVE-YEAR FORECAST

Summary of Revenue Reductions

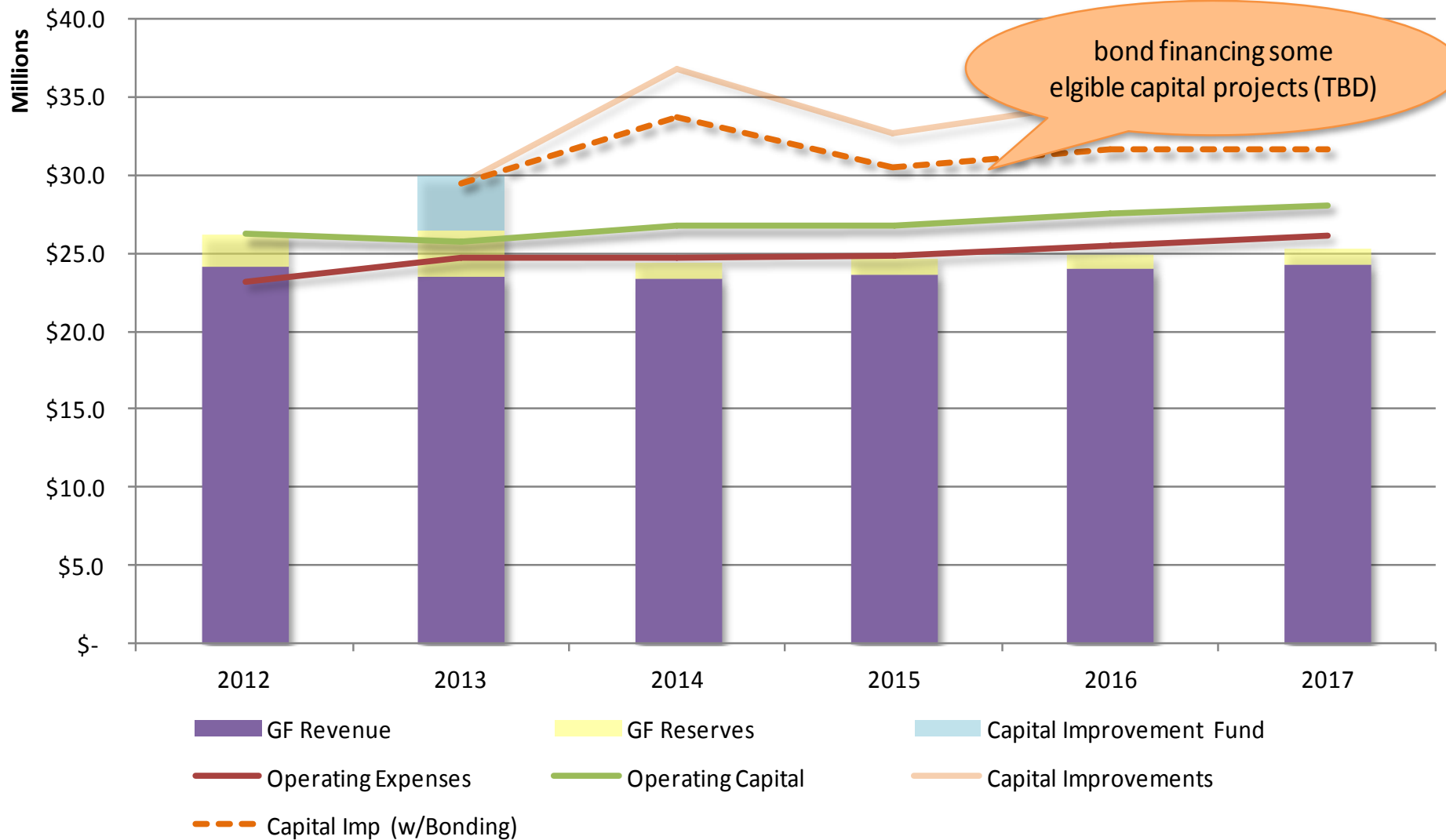
The net impact of these changes to Gahanna's revenue sources is over **\$3 Million/year**

Reduction Source	Impact
Local Government Fund	\$ (825,000)
Interest & Investment Income	\$ (1,200,000)
Estate Tax	\$ (325,000)
Property Taxes	\$ (170,000)
TIZ	\$ (700,000)
TOTAL	\$ (3,220,000)

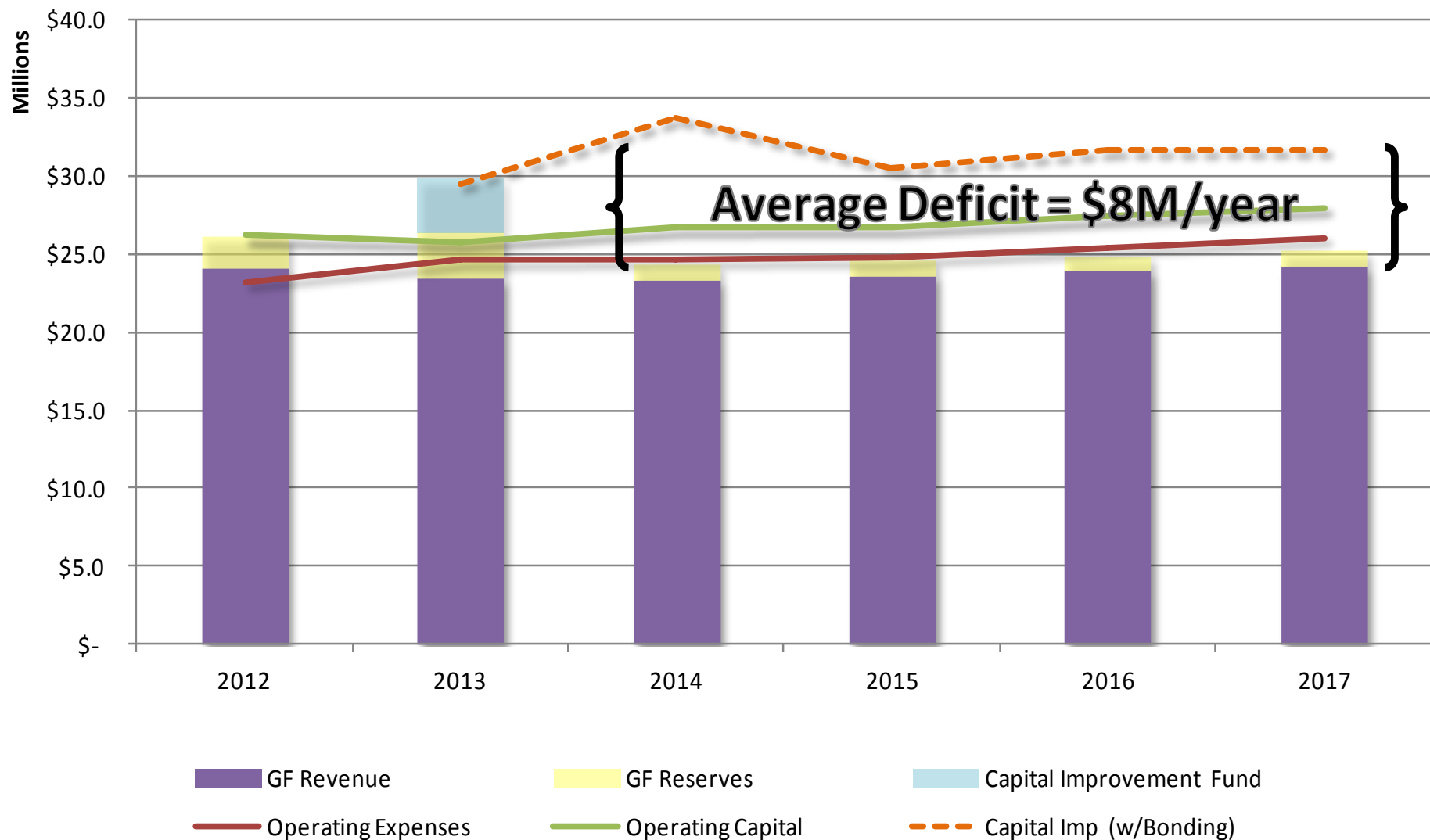
Five-Year Forecast



Five-Year Forecast (Bond Financing)



Forecasted Deficit





ECONOMIC FACTORS

Economic Growth Potential

470 Remaining Undeveloped
Acres

5,800 Potential Jobs

\$4.4M in Potential
Withholdings

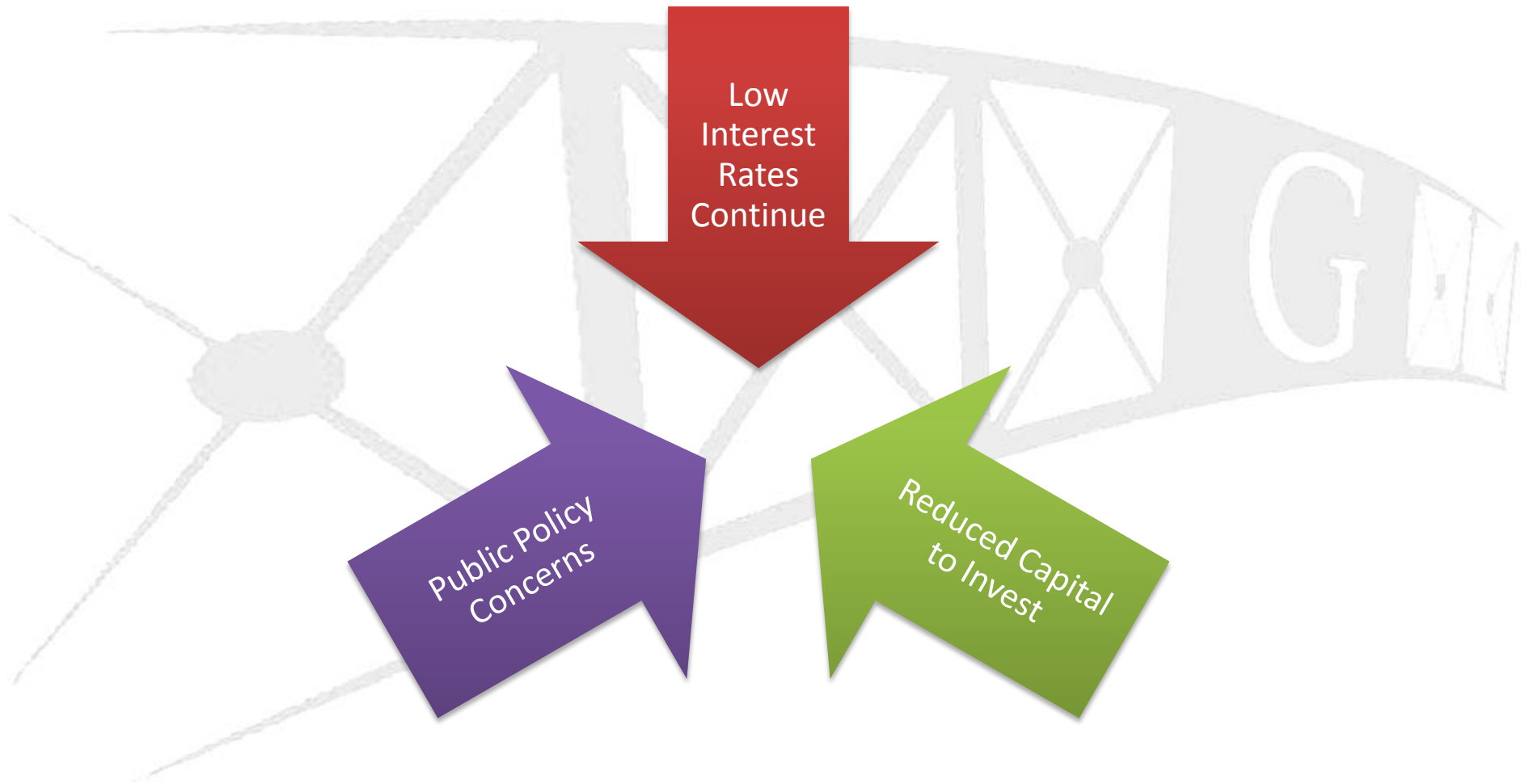
20-30 Years to Complete



OBM

*“Leading economic indicators have **weakened** recently but remain consistent with **uninterrupted growth** at a **modest pace.**”*

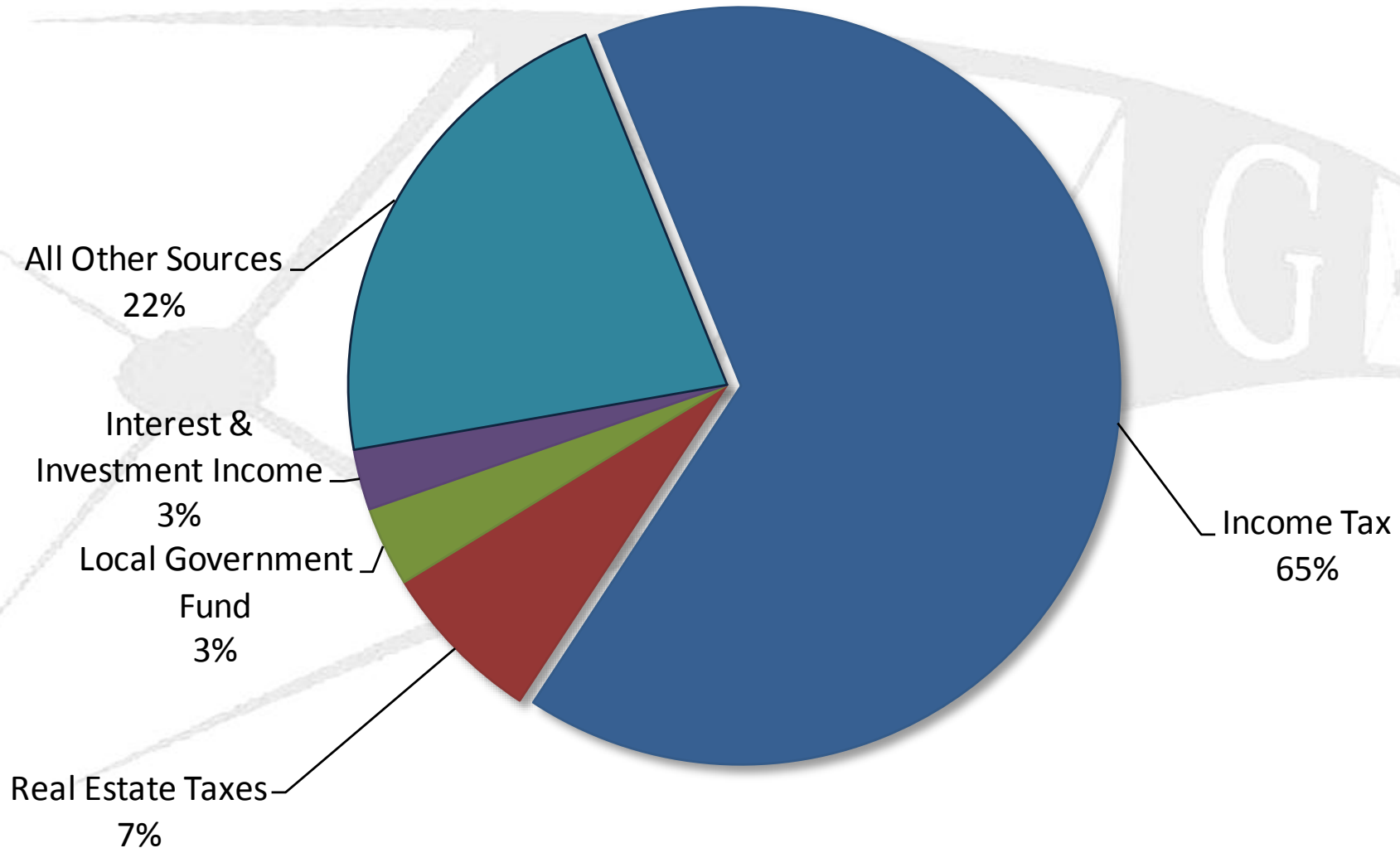
Economic & Political Factors





LOCAL INCOME TAX

General Fund Composition



The “Where You Work” Tax

Authority

Applies primarily to where you work

Rate/Credit vary by City

Rate

Applied to earned income

Requires vote of the residents

Gahanna's rate is 1.5% (since 1977)

Credit

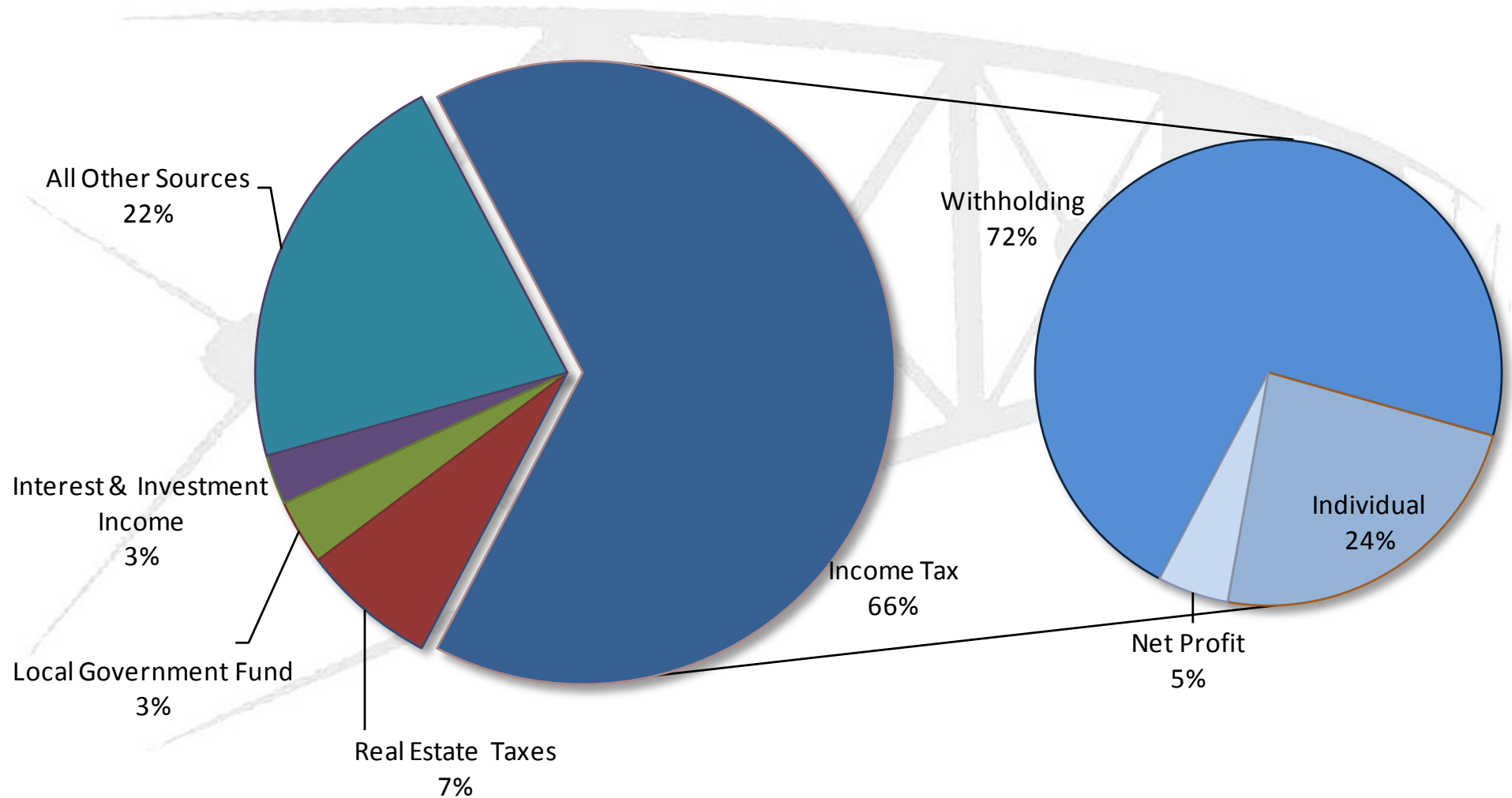
Cities *may* provide residents credit for taxes paid to work city

Determined by vote of Council

Gahanna provides credit to residents of 83.3% (up to 1.5%) of taxes another municipality (since 1986)

*****Retirement Income is NOT taxed***

Income Tax Composition



Withholding (72%)

- Works in Gahanna and lives somewhere else
 - *Pays 1.5% to Gahanna-may owe additional tax in city of residence*
 - *Ex: Live in Columbus—pays additional 1%*
- Works and lives in Gahanna
 - *Pays 1.5% to Gahanna*

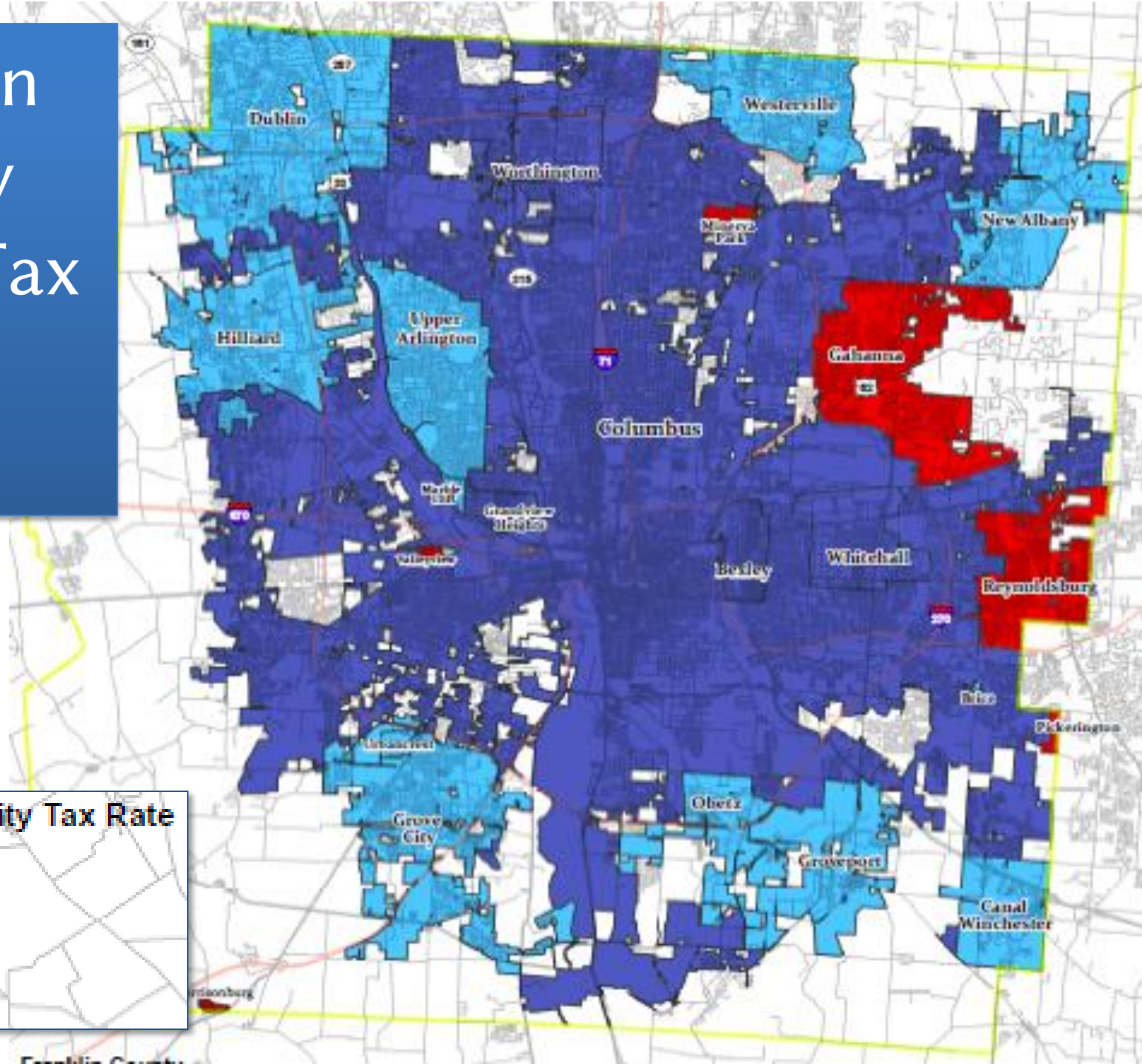
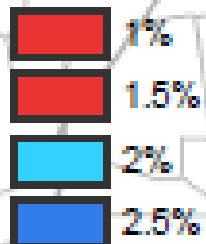
Individuals/Residents (24%)

- Lives in Gahanna and works in a city with a higher rate (ex: Columbus-2.5%)
 - *Pays 0.25% to Gahanna*
 - *2.75% total effective rate*
- Lives in Gahanna and works in a city with a lower rate (ex: Pickerington-1%)
 - *Pays Gahanna difference between 1.5% and 83.3% of tax paid to work city (.67%)*
 - *1.67% total effective rate*

*****Retirement Income is not taxed!***

Franklin County Local Tax Rates

Municipality Tax Rate





REFORM SCENARIOS

Tax Reform

GOALS:

Fairly allocate cost of City services among users

Meet projected operational needs & create
sustained funding source for capital investment

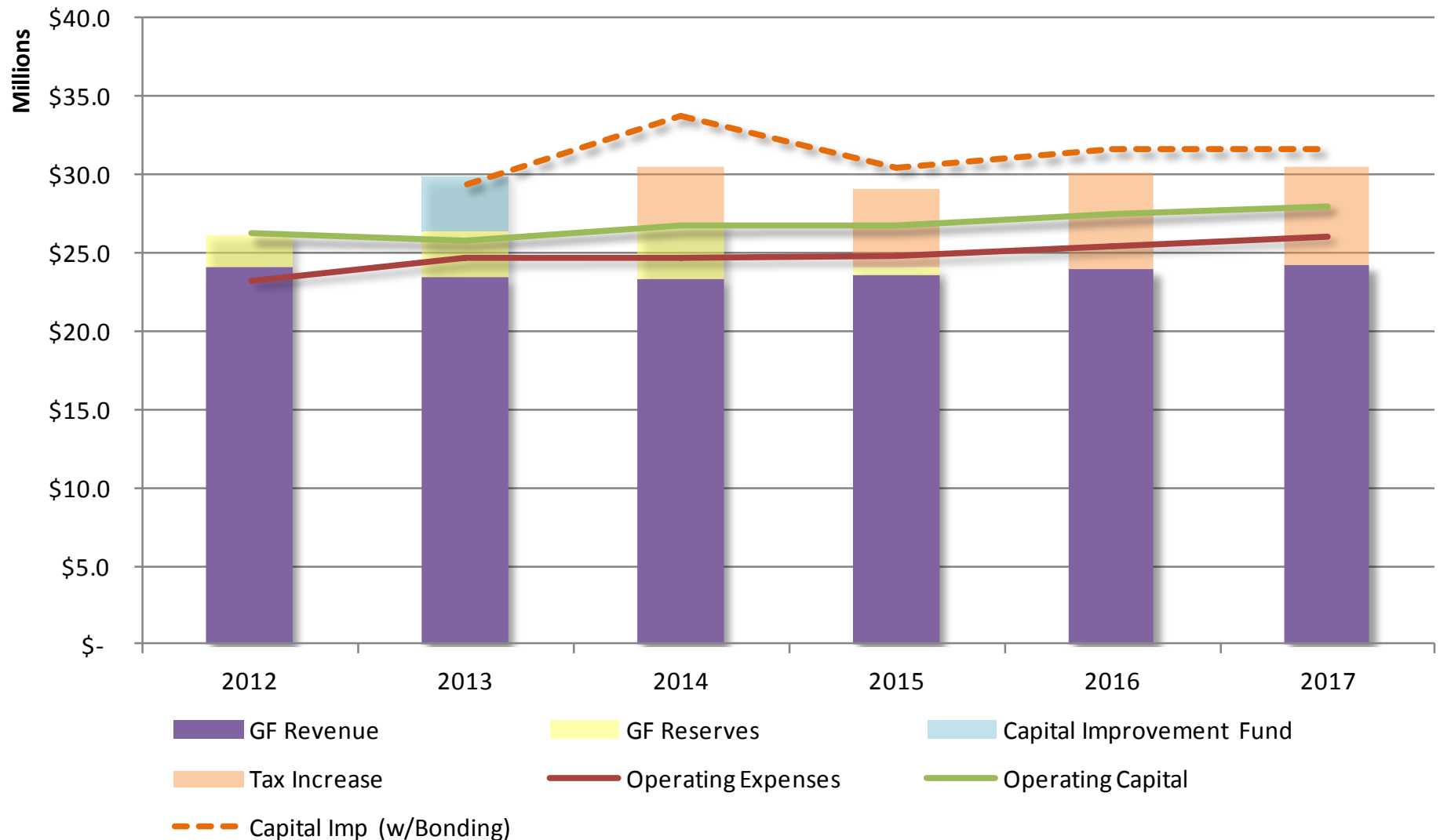
Simplify Gahanna's tax code

Normalize Tax Distribution in the Region

Reform Scenarios

Rate	Credit	Annual Rev	Resident Impact Summary
2.0%	75%	\$6.1M	● All working residents pay more

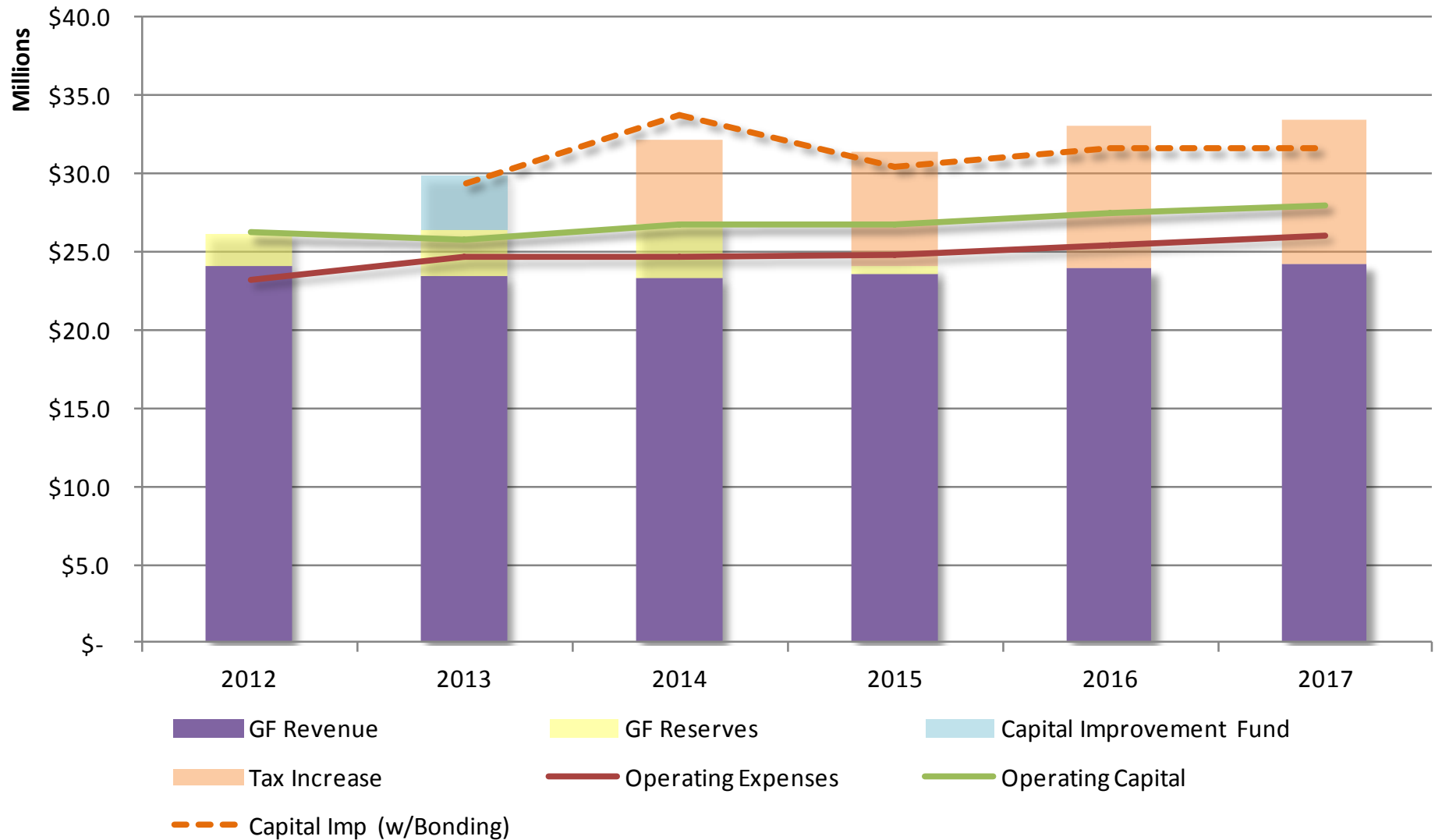
2.0% with 75% Credit



Reform Scenarios

Rate	Credit	Annual Rev	Resident Impact Summary
2.0%	75%	\$6.1M	○ All working residents pay more
2.25%	75%	\$8.9M	● All working residents pay more

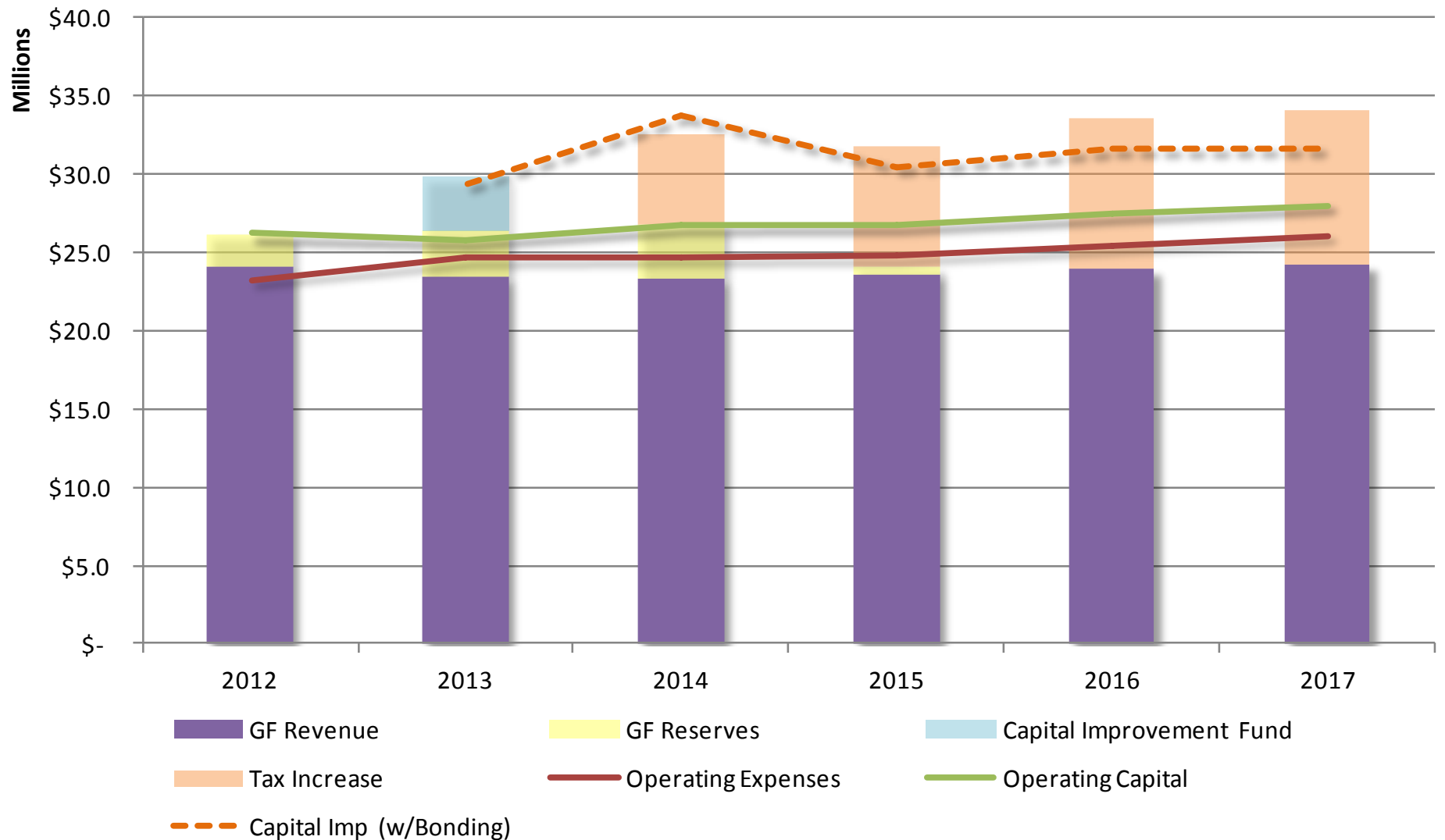
2.25% with 75% Credit



Reform Scenarios

Rate	Credit	Annual Rev	Resident Impact Summary
2.0%	75%	\$6.1M	● All working residents pay more
2.25%	75%	\$8.9M	● All working residents pay more
2.5%	90%	\$9.5M	● No increase for residents working in 2.5% cities (~8,500)

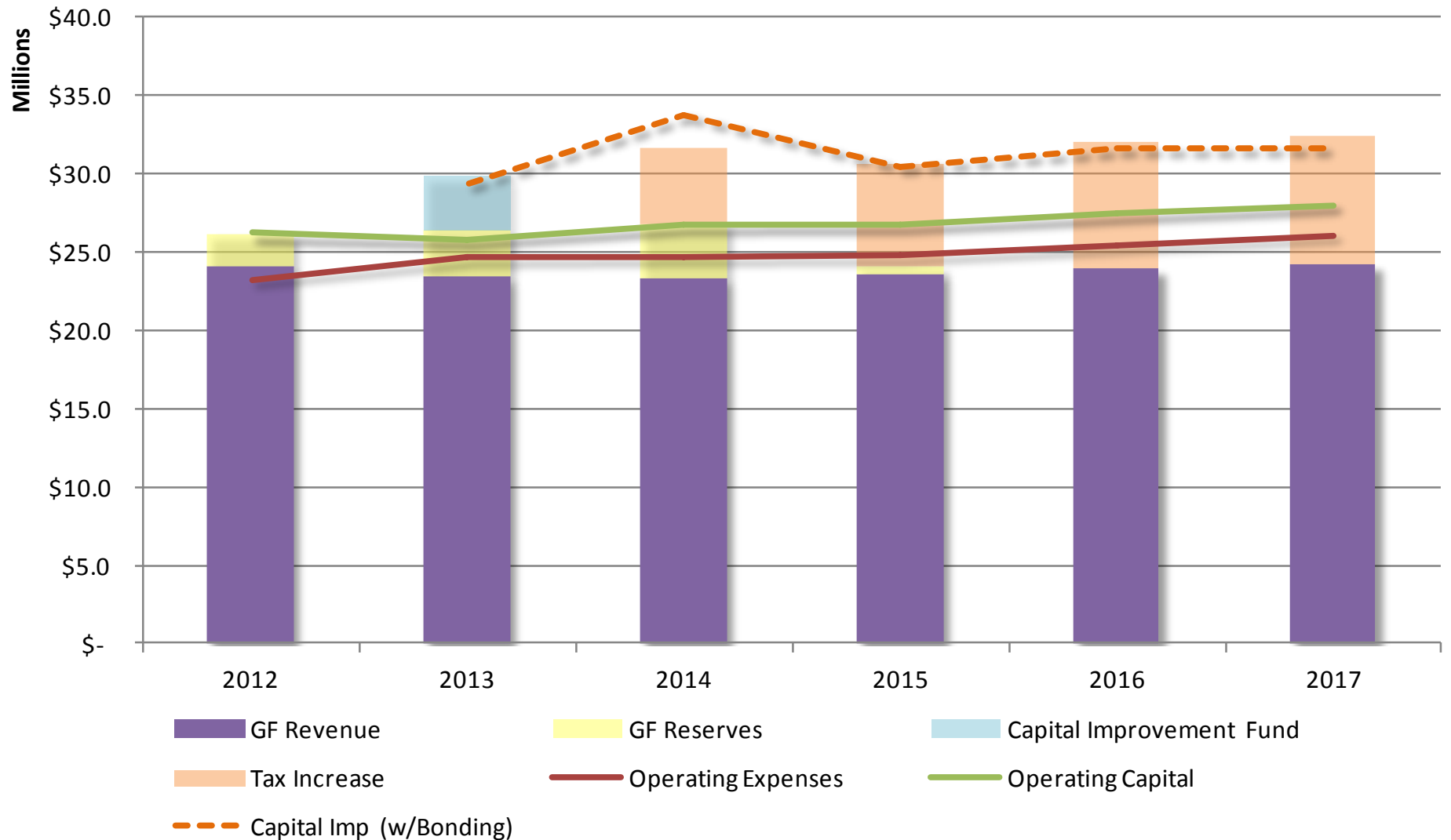
2.5% with 90% Credit



Reform Scenarios

Rate	Credit	Annual Rev	Resident Impact Summary
2.0%	75%	\$6.1M	● All working residents pay more
2.25%	75%	\$8.9M	● All working residents pay more
2.5%	90%	\$9.5M	● No increase for residents working in 2.5% cities (~8,500)
2.5%	100%	\$8.0M	● Reduction for residents working in 2.5% cities (~8,500)

2.5% Tax with 100% Credit



Recommendation

2.5% with 100% Credit meets Tax Reform Goals

- ✓ Fairly allocate cost of City services among users
- ✓ Meet projected operational needs & create sustained funding source for capital investment
- ✓ Simplify Gahanna's tax code
- ✓ Normalize Tax Distribution in the Region



2.5% with 100% Credit

WHAT DOES IT MEAN FOR ME?

Gahanna's Mission is...

...to ensure an *exceptional* quality of life by providing comprehensive services, financial stability, and well-planned development which preserves the natural environment, in order that the city government will continue to be responsive, accessible and accountable to our diverse and growing community of citizens.